



9575 Katy Freeway, Suite 300

Houston, TX 77024

Phone: 713-871-0005

Fax: 713-871-1358

Thomas E. Black, Jr., P. C. \*

Calvin C. Mann, Jr., P. C.

Gregory S. Graham, P. C.

David F. Dulock

Diane M. Gleason

Benjamin R. Idziak \*\*

Shawn P. Black \*\*

Margaret A. Noles

Regina Uhl

Peter B. Idziak\*\*

Kathryn A. Williams

Of Counsel

David M. Tritter

\* Also Licensed in New York, Washington,  
West Virginia and Iowa

\*\* Also Licensed in New York

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**To:** Clients and Friends

**From:** David F. Dulock

**Subject:** FHA Annual MIP Requirements Revised – Mortgagee Letter 2013-04

On January 31, 2013, the FHA issued Mortgagee Letter 2013-04 (ML 2013-04) revising FHA polices concerning cancellation of the annual mortgage insurance premium (Annual MIP) and increase to the Annual MIP. For a complete explanation of these Annual MIP changes and their respective effective dates, you may print ML 2013-04 by [clicking here](#).

1. The table below from ML 2013-04 shows the previous and the new duration of Annual MIP by amortization term and LTV ratio at origination.

Term	LTV (%)	Previous	New
≤ 15 yrs	≤ 78	No annual MIP	11 years
≤ 15 yrs	> 78 – 90.00	Cancelled at 78% LTV	11 years
≤ 15 yrs	> 90.00	Cancelled at 78% LTV	Loan term
> 15 yrs	≤ 78	5 years	11 years
> 15 yrs	> 78 – 90.00	Cancelled at 78% LTV & 5 yrs	11 years
> 15 yrs	> 90.00	Cancelled at 78% LTV & 5 yrs	Loan term

2. The table below from ML 2013-04 shows the previous and the new Annual MIP rates by amortization term, base loan amount and LTV ratio. **All MIPs in this table are effective for case numbers assigned on or after April 1, 2013.**

Term > 15 Years				
Base Loan Amt.	LTV	Previous MIP	New MIP	
≤ \$625,500	≤ 95.00%	120 bps	130 bps	
≤ \$625,500	> 95.00%	125 bps	135 bps	
> \$625,500	≤ 95.00%	145 bps	150 bps	
> \$625,500	> 95.00%	150 bps	155 bps	
Term ≤ 15 Years				
≤ \$625,500	78.01% - 90.00%	35 bps	45 bps	
≤ \$625,500	> 90.00%	60 bps	70 bps	
> \$625,500	78.01% - 90.00%	60 bps	70 bps	
> \$625,500	> 90.00%	85 bps	95 bps	

The table below from ML 2013-04 shows the previous and the new effective Annual MIP rates for loans with an LTV of less than or equal to 78 percent and with terms of up to 15 years. **The new annual MIP for these loans is effective for case numbers assigned on or after June 3, 2013.**

Term ≤ 15 Years			
Base Loan Amt.	LTV	Previous MIP	New MIP
Any Amount	≤ 78.00 %	0 bps	45 bps